

Deficit Reduction Act (Reconciliation) Summary

The original version of the legislation included \$50 billion over 5 years in entitlement reductions. The final version of the legislation included \$39 billion over 5 years.

Among the provisions stricken from the bill because of opposition by moderate members included:

- Drilling in the Arctic National Wildlife Refuge
- Taking food stamps away from 250,000 Americans
- Reducing the federal matching rate for child support payments
- Authorizing the sale of public lands to mining companies
- Floating student loan interest rates

Among the spending provisions included in the conference report are (in billions of dollars):

• Reauthorizing Welfare Reform	0.374
• Interoperability grants for first responders	1.0
• LIHEAP funding for FY 07	1.0
• Child Care Block Grant Funding	1.0
• Increased first- and second-year student loan limits	1.5
• New SMART grants for math and science	3.7
• Phasing out origination fees on student loans	5.2
• Eliminating the 4.4 percent Medicare physician payment cut	7.3

Among the savings provisions included in the conference report are (in billions of dollars):

• Reducing student lender yields and raising parents interest rates	14.3
• Auctioning of the spectrum	7.38
• Making risk adjustment payments for Medicare Advantage plans	6.5
• Limiting Medicaid generic prescription drug reimbursements	3.855
• Requiring employers to pay more pension to the PBGC	3.564
• Allowing states at their discretion to charge premiums and copayments to Medicaid beneficiaries	Potential Savings of 3.2
• Reducing Agriculture programs	2.7
• Reducing Medicare imaging payments in physicians' offices	2.7
• Preventing wealthy seniors from getting Medicaid nursing home coverage by transferring assets within 5 years	2.3
• Making mandatory student loan administrative payments discretionary	2.2
• Eliminated the 9.5% guaranteed loans financed by tax-exempt bonds	1.8
• Requiring higher Part B premiums for wealthier seniors in 2010 instead of 2012	1.6
• Freezing Medicare home health payments in 2006	1.6
• Eliminate matching payment on child support enforcement bonus	1.5
• Requiring lenders to charge a one percent insurance fee on loans	1.5
• Increasing the amount of savings guaranteed by the FDIC and making FHA's few mandatory (entitlement) housing programs subject to appropriations	0.520
• Reducing the amount of defaulted loans for which lenders are reimbursed	0.505
• Raising the fee for filing a civil court case or a bankruptcy action	0.474
• Repealing unfair trade subsidy distribution	0.300

If we can't save \$39 billion out of \$7.821 trillion of entitlement spending over the next five years, then we will never get spending under control and our country's financial house in order.